(d) if so, the details of its findings and measures taken to tackle the problem?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) Rupee has been appreciating on monthly basis against the US dollar from September, 2006 onwards. Over the full year, 2006-07, the rupee depreciated by 2.2 percent against the US dollar, while GDP grew by 9.4 percent and exports by 21 percent in US dollar terms.

(c) The rupee appreciation has been higher in the current financial year at 8.9 per cent in July, 2007 over March 2007, while exports grew by 18.1 per cent in April-June, 2007 in US dollar terms. In order to assess the impact of rupee appreciation on exports and to suggest measures to maintain India's export competitiveness, Ministry of Commerce and Industry constituted a committee.

(d) As per the findings of the Committee, while the importers and borrowers in foreign currency are not entirely unhappy with the appreciation of the rupee *vis-a-vis* the US dollar, generally, the exporters have seen their profit margins erode as a result of the appreciation of the rupee. The committee has made a series of recommendations for immediate relief to the exporters.

The Government has announced a relief package to exporters comprising enhanced Duty Entitlement Passbook (DEPB) rates, reduction in Export Credit Guarantee Corporation (ECGC) premium, release of Rs.600 crore for clearing all arrears of terminal excise duty and Central Sales tax reimbursement, enhancement of duty drawback rates and reduction in interest rates on pre and post shipment credit.

Special Oil Bonds to Oil Companies

334. SHRI RAHUL BAJAJ: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the figure of petroleum subsidy for the year, 2006-2007 of Rs 2785.43 crores given in the Expenditure Budget, 2007-08 include the amount of special oil bonds issued to oil marketing companies.

(b) if not, then what is the value of such bonds issued during 2006-07;

(c) For what other expenditure during, 2006-07 have similar special bonds been issued and of what value; and

(d) whether these not give an inaccurate picture of the fiscal deficit, if these are treated as part of the fiscal deficit what would the revised figures of fiscal deficit for the year, 2006-07 be and would it exceed the target?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) No, Sir. This amount does not include the Special Securities issued to Oil Marketing Companies.

(b) The amount of Special Securities issued to Oil Companies during, 2006-07 is Rs. 24,121 crore as against the provision of Rs. 24,150 crore approved through the Supplementary Demands for Grants voted by Parliament.

(c) During, 2006-07, Special Securities amounting to Rs. 16,200 crore have been issued to Food Corporation of India in settlement of outstanding dues on account of release of foodgrains under Sampoorana Gramin Rozgar Yojana and National Food for Work Programme.

(d) No, Sir. As per extant accounting arrangement, budgetary support in the form of Special Securities are reflected in the gross expenditure but do not impact the deficit indicators as the investment in these Special Securities are adjusted against receipts. However, the servicing of these Securities in the form of interest payment is taken into account for the calculation of fiscal deficit.

Inflow of foreign exchange

335. SHRI RAHUL BAJAJ: Will the Minister of FINANCE be pleased to state:

(a) what are the details of inflow of foreign exchange on the capital account during the year, 2006-07, category-wise, and which of these inflows are productive and which speculative; and

(b) what corrective action, if any has been taken or planned to curb speculative inflows?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) The details of inflow of foreign exchange on the capital account during, 2006-07 are set out below:

(in US$ million)

Net Capital Flows 2006-07	2006-07 (P)
Foreign Direct Investment	8437
Portfolio Investment	7062
External Assistance	1770
External Commercial Borrowings	16084
NRI Deposits	3895
Short-term Credits	3275
Others	4421
TOTAL:	44944

P: Preliminary

Capital flows are not classified as productive or speculative as financial resources, by nature, are capable of productive uses. Usually capital flows are categorized as short-term and long-term flows. Portfolio investment and short-term credits may be considered as short-term flows which could have elements of volatility associated with them.